

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0186-01
Bill No.: SB 35
Subject: Children and Minors; Domestic Relations; Family Law; Courts
Type: Original
Date: January 10, 2011

Bill Summary: This proposal modifies provisions relating to child support when there is equal parenting time.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue*	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

* Potential offsetting revenue and costs of \$0 or \$62,087 in FY 2012, \$0 or \$41,573 in FY 2013, and \$0 or \$72,210 in FY 2013, net to \$0.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	0 or 1	0 or 1	0 or 1
Total Estimated Net Effect on FTE	0 or 1	0 or 1	0 or 1

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Social Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** states in section 452.340.8, the Missouri Supreme Court shall have in effect a rule establishing guidelines by which any award of child support shall be made in any judicial or administrative proceeding. Said guidelines shall contain specific, descriptive and numeric criteria which will result in a computation of the support obligation. The guidelines shall require documentation to verify the income of the parties for the initial order of support and for any modification of such order. Such documentation may include, but not be limited to, current wage stubs, a current W-2 form, statements from the party's employer, a wage match with the division of employment security, and bank statements. The guidelines shall address how the amount of child support shall be calculated when an award of joint physical custody results in the child or children spending substantially equal time with both parents and as specified in subdivision (2) of subsection 11 of this section. The Missouri Supreme Court shall publish child support guidelines and specifically list and explain the relevant factors and assumptions that were used to calculate the child support guidelines. Any rule made pursuant to this subsection shall be reviewed by the promulgating body not less than once every four years to ensure that its application results in the determination of appropriate child support award amounts.

ASSUMPTION (continued)

Section 452.340.8 indicates the Missouri Supreme Court shall have a rule establishing guidelines regarding the award of child support. These guidelines would require documentation to verify the income of the parties for the initial order of support and for any modification of such order. Depending on the Court's rule, this documentation may include a wage match with the Division of Employment Security (DES). Confidentiality requirements per Section 288.250 and 20 CFR Part 603 allow this information to be released only to the individual to whom it pertains or to his or her attorney.

If the Missouri Supreme Court rule requires a wage match with the DES, the proposed legislation would increase the workload for the DES staff. It is assumed the inquiry would be directed toward wage match information and not unemployment insurance claim information. The DES receives money from the federal government to administer the unemployment compensation program. Since the wage match verification is not a specific function of administering the unemployment compensation program, it is assumed the cost incurred by the DES to provide this information would be a cost to the General Revenue Fund.

If the wage match with the DES is included in the Supreme Court rule, the verification process would require the DES staff to respond to inquiries regarding wage information. In FY2009, there were 14,034 divorce filings in which children were involved in Missouri. Based on these figures, the Division's workload could increase by 28,068 inquiries for wage information. This would require the DES to hire an additional claims examiner at an average annual salary of \$27,158 plus benefits. An additional scanner would also be required, at an approximate cost of \$28,000 plus annual maintenance. Additional office supplies would also cost approximately \$150 per year. The total estimated cost to General Revenue for FY2011 would be \$64,686, \$45,576 in FY2012, and \$46,897 in FY2013.

Oversight has, for fiscal note purposes only, changed the starting salary for the Claims Examiner to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight assumes the Department of Labor and Industrial Relations (DOLIR) will be able to charge and collect a fee from the party making the wage verification request and this revenue will offset any costs incurred by DOLIR.

Oversight has reflected the fiscal impact to Department of Labor and Industrial Relations as \$0 or an estimated cost per fiscal year because the proposal states the documentation required to verify the income of the parties **may** include a wage match with the Division of Employment

ASSUMPTION (continued)

Security. If the Supreme Court rule does not require a wage match with the Division of Employment Security, Department of Labor and Industrial Relations would incur no cost.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Revenues</u> – Department of Labor and Industrial Relations			
Fees for wage verification	\$0 or \$62,087	\$0 or \$41,573	\$0 or \$72,210
<u>Costs</u> – Department of Labor and Industrial Relations			
Personal Service	\$0 or (\$21,620)	\$0 or (\$26,203)	\$0 or (\$56,699)
Fringe Benefits	\$0 or (\$11,316)	\$0 or (\$13,715)	\$0 or (\$13,852)
Equipment and Expense	<u>\$0 or (\$29,151)</u>	<u>\$0 or (\$1,655)</u>	<u>\$0 or (\$1,659)</u>
<u>Total Costs – DOLIR</u>	<u>\$0 or (\$62,087)</u>	<u>\$0 or (\$41,573)</u>	<u>\$0 or (\$72,210)</u>
FTE Change – DOLIR	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for General Revenue Fund	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act provides that no child support shall be awarded in instances where both parents sign an agreement and request the court to award them joint physical custody resulting in the child or children spending equal or substantially equal time with both parents, the difference in the verified incomes of the parents is less than twenty-five percent, and a finding has been made that such custody and award of no child support is in the best interest of the child.

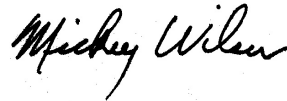
When parents do not agree on an award of no child support but meet all of the other requirements regarding the joint physical custody agreement under this act, the court shall award child support in an amount that provides for an 18 to 50 percent adjustment below the basic child support amount authorized by the child support guidelines. The Missouri Supreme Court is directed to amend the child support guidelines, commonly referred to as "Form 14", to reflect the ability to obtain up to a fifty percent adjustment for joint custody in accordance with the act.

This act also requires documentation to verify the income of the parties for the initial order of child support and for any modification of the order. Documentation includes current wage stubs, a current W-2 form, statements from a party's employer, a wage match with the Division of Employment Security and bank statements.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Courts Administrator
Department of Social Services
Office of the Secretary of State
Office of the Attorney General
Department of Labor and Industrial Relations

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 10, 2011